

AMENDED IN ASSEMBLY MAY 12, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 783

Introduced by Assembly Members Maddox and Mountjoy

February 20, 2003

An act to amend Section 214.1 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 783, as amended, Maddox. Property taxation: welfare exemption: course of construction.

(1) Pursuant to authorization in the California Constitution, existing property tax law establishes a welfare exemption under which property is exempt from taxation if, among other things, that property is used exclusively for religious, hospital, scientific, or charitable purposes and is owned and operated by an entity, as provided, that is itself organized and operated for those purposes. The California Constitution specifies that this exemption applies to buildings under construction, the land on which the buildings are situated, and equipment in the buildings if their intended use is exclusively for exempt purposes. Existing property tax law specifies that “property used exclusively for religious, hospital, scientific, or charitable purposes” includes facilities in the course of construction, as defined, and the land on which the facilities are located.

This bill would, pursuant to these constitutional provisions, additionally specify that “property used exclusively for religious, hospital, scientific, or charitable purposes” includes equipment in those facilities, as provided. This bill would also define “course of construction” to include ~~activities that are necessary for construction,~~

~~including, but not limited to, seeking permits, environmental studies, government entitlements and approval, financing, and contractors, but not be limited to, filing an application for a building permit, as provided.~~

(2) Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy, and its operation would commence with the lien date for the 2004–05 fiscal year.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 214.1 of the Revenue and Taxation
2 Code is amended to read:

3 214.1. (a) As used in Section 214, “property used
4 exclusively for religious, hospital or charitable purposes” shall
5 include facilities in the course of construction on or after the first
6 Monday of March, 1954, together with the land on which the
7 facilities are located and the equipment in the facilities as may be
8 required for their convenient use and occupation, if the intended
9 use of the facilities, land, and equipment is exclusively for
10 religious, hospital or charitable purposes.

11 (b) For purposes of this section, “course of construction”
12 ~~includes activities that are necessary for construction, including,~~
13 ~~but not limited to, seeking permits, environmental studies,~~
14 ~~government entitlements and approval, financing, and~~
15 ~~contractors.~~ *includes, but is not limited to, filing an application for*
16 *a building permit with an appropriate local agency.*

17 (c) The amendments made to this section by the act adding this
18 subdivision are enacted pursuant to subdivision (b) of Section 4 of
19 Article XIII of the California Constitution and Section 5 of that
20 same article.



1 SEC. 2. Notwithstanding Section 2229 of the Revenue and
2 Taxation Code, no appropriation is made by this act and the state
3 shall not reimburse any local agency for any property tax revenues
4 lost by it pursuant to this act.

5 SEC. 3. This act provides for a tax levy within the meaning of
6 Article IV of the Constitution and shall go into immediate effect.

7 SEC. 4. The amendments made to Section 214.1 of the
8 Revenue and Taxation Code by this act are operative commencing
9 with the lien date for the 2004–05 fiscal year.

